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ABSTRACT

This document examines the chronological history of financing the Alaskan public school system. The first section traces the influence of the Greco-Russian Church and the Russian-American Company on education in Russian Alaska. The second section focuses on early United States education efforts, including the Sheldon Jackson era, the Organic Act of 1912, and Alaskan education during the first 50 years of United States control. Section 3 summarizes the major elementary and secondary school laws set forth by the Territorial Legislature as well as a list of revenue sources for public education. The fourth section focuses on the years following the achievement of Alaska's statehood in which the first school finance study and the first state school foundation program were implemented. The last section traces the oil revenue years in which the discovery of oil brought new wealth and prompted a second school finance study, a second school foundation plan, and subsequent changes in the foundation program. (SI)

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A GENERAL HISTORY OF PUBLIC SCHOOL FINANCE IN ALASKA

OPERATING AND CAPITAL COSTS

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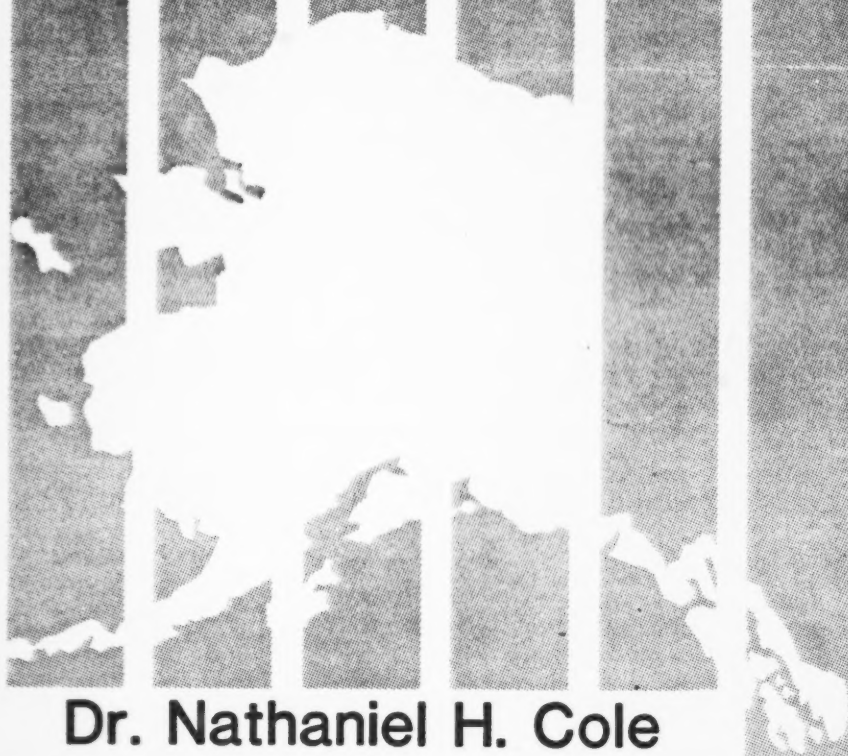
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Prepared by

Dr. Nathaniel H. Cole

for

Alaska Department of Education

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Juneau, Alaska

RUSSIAN EDUCATION

Griegor Ivanovich Shelikof is credited with starting education in Russian Alaska. In 1785, Shelikof recognized the need for education because of the increase in the number of children of mixed blood. Although the first colony had been established in Kodiak in 1783 by Shelikof, there had been earlier, temporary settlements founded by the pioneer fur traders and explorers resulting in a gradual increase in the number of children of mixed blood. Shelikof taught the children himself. He instructed them in his own language, arithmetic and the precepts of Christianity. While no formal records were maintained, it is believed the school continued until Shelikof's death in 1795.¹

Father Juvenal followed Shelikof and reopened the school June 19, 1796, with an initial enrollment of 11 boys and several grown men. The enrollment grew from day to day, but the school was short lived due to the transfer of Father Juvenal to the Iliamna station. About this time, Father German opened a school for girls at Pavlovsk. The work of Juvenal and German marked the beginning of the Greco-Russian Church's educational efforts in Alaska.² The educational work of the Greco-Russian Church in Alaska ended with the closing of two orphanages for boys in Sitka and Unalaska in 1911, and a girls' boarding school at Kodiak in 1916.³

Education in Russian America was given another boost by the Imperial Charter issued to the Russian-American Company in 1799. The Charter required the company to establish schools in conjunction with its trading posts in Alaska. The local trader or agent usually supervised the school, and it was open to children of both sexes. These company schools lasted until some years previous to the sale of Alaska to the United States. Increasing expenses and diminishing income caused the company to close the schools.⁴

Both the Greco-Russian Church and the Russian-American Company used their respective schools to further their own purpose. In the case of the Church, the schools were maintained for the children of the clergy and as a means of preparing priests and lay readers for the mission. The Russian-American Company trained students for skills needed to further the company's interest and required the advanced students to remain in the service of the company for a period of years after completing the

¹Hubert Howe Bancroft, History of Alaska 1730-1885 (San Francisco: The History Company Publishers, 1980), p. 227 and p. 706.

²Bancroft, pp. 365-366.

³Lester D. Henderson, Report of the Commissioner of Education, June 30, 1918, June 30, 1919 and June 30, 1920 (Juneau, Alaska: Juneau Daily Capital, 1920), p. 7.

⁴Henderson, p. 8.

course of instruction. These schools were primarily for dependents of the Russian-American Company employees and Creoles (children of Russian men and Native women).⁵

In summary, education in Russian Alaska served a utilitarian purpose for the Church or trade and was financed by the Church or from company profits. While there were attempts to teach the Natives to understand and read Russian for the purposes of understanding Church services, there were very few attempts to educate the masses.

⁵Bancroft, pp. 699-709.

EARLY U.S.A. EDUCATION EFFORTS

From time of purchase in 1867 to the passage of the first Organic Act in 1884, there was little education, law and order or government in Alaska. The U.S. Charter of the Alaska Commercial Company required that schools be provided on the Pribilof Islands where fur seals were harvested. These schools were provided exclusively for Creoles and Whites at the expense of the company and left much to be desired.⁶ With the exception of the Greco-Russian Church Mission, the Russian education efforts were removed from Alaska leaving a void in formal education of Alaska's people which existed for some 20 years.

That efforts were made on the part of people living in the more settled areas of Alaska to organize for government and schools can be seen in the action of the people of Sitka who in 1867-1869 organized a city government and a school board, purchased a building for \$300 and established a school. This school for Whites is believed to be the first after Alaska was purchased in 1867. Records⁷ indicate that the school was funded through revenues collected in conjunction with the Sitka City Council. Both the city government and the school were terminated in 1877 after ten years of very tough times.⁸

The loss of the city school was soon followed by a mission school opened for Natives by the Presbyterian Mission in 1878. This brought complaints from the white residents that they were being neglected. Upon the urging of the missionary, Miss Pauline Cohen, an American girl living in Sitka, opened a school for the white children and ran it by subscription for one year. All white children of school age in Sitka, including those of the Greek Church, were permitted to attend the school. The priest retained the right to instruct the Greek Church children in religion one hour per day. The subscription school for white children was conducted at least two more years, by Mr. A. E. Austin in 1879 and by Mr. Austin and his younger daughter in 1880.

⁶Bancroft, p. 709.

⁷Report of the Governor of Alaska, 1899: Excerpts.

"Petition for a School

Hon. W. S. Dodge

Sitka, December 18, 1867

Mayor of the City of Sitka:

The undersigned, voters in said city, hereby request that you will call a meeting of the legal voters therein, as you prescribed by section 16 of city charter, in order to give the council power to establish such a system of public schools as it may see fit and proper to adopt. (Signed by 49, two of whom made their x mark.)"

"Purchase of School Building

Resolution No. 87, which was adopted:

"Be it resolved by the council, That the mayor be, and hereby is, empowered to purchase for the club house, No. 56 in the map and inventories attached to the protocol of the treaty of transfer."

Approved:

W. S. Dodge"

⁸Report of the Governor of Alaska, 1899, p. 33.

Mr. Austin's older daughter was commissioned to teach the Natives. Meanwhile, the Presbyterian Mission expanded its operation to include day schools at Haines, Hoonah, Jackson and Howker, as well as the industrial schools at Wrangell (est. 1877) and Sitka (est. 1878).⁹

Sketchy records of the work of the Alaskan Commercial Company schools on the Pribilof Islands indicate some difficulty in getting started because of the belief that learning the English language would interfere with teaching of the Greco-Russian religion. The difficulty appears to have subsided in the first ten years, since the combined enrollment in both schools (St. George and St. Paul) was 68 in 1881 with an average daily attendance of 62.¹⁰

Sheldon Jackson Era

As was pointed out earlier, educational inroads in Alaska under the U.S. were very limited. As late as the early 1880s, there was no authority for governmental organization, land ownership or public education in the Territory of Alaska. Although Mr. Vincent Colyer, Secretary of the Board of Indian Commissioners, convinced Congress to appropriate monies for school purposes in the Alaska Territory after a visit to Alaska in 1869, the money was never spent in Alaska.¹¹

The Reverend Sheldon Jackson, Superintendent of the Presbyterian Mission in Alaska, carried the civil and educational needs of Alaska to the nation's people. Popular concern, and specifically the concern of John Eaton, then U.S. Commissioner of Education, brought these needs to the attention of Congress. Reverend Jackson was personally acquainted with Mr. Eaton who was also sympathetic to the needs of Alaska. During the winters of 1877-1883, Reverend Jackson delivered a series of lectures on Alaska in many of the leading cities of the United States. In 1883, he addressed the National Education Association and was successful in getting a resolution passed by that body, and subsequently by many state educational associations, urging educational legislation and appropriations for Alaska.

Through these avenues, and by personal appearances before the forty-sixth, forty-seventh and forty-eighth sessions of Congress, Reverend Jackson and his supporters were able to raise Alaskan issues to the highest levels of national government, including the President.¹²

⁹Education in Alaska, Biennial Survey of Education, 1916-1918, Vol. I, Bulletin No. 88, 1919 (U.S. Bureau of Education, Washington: Government Printing Office, 1921).

¹⁰Henderson, p. 11.

¹¹Bancroft, p. 709 (Reports \$50,000 appropriation to Alaska unspent because of no one to administer); Henderson, pp. 15-16 (Reports no specific appropriation to Alaska but an appropriation of \$100,000 to Interior Department for the Indian tribes not otherwise provided for, with the expectation that a large portion would be used in Alaska. However, the U.S. Commissioner's 1881 report indicated that none was spent in Alaska).

¹²Henderson, pp. 16-17; Bancroft, p. 709; Clarence C. Hulley, Alaska: Past and Present (Portland, Oregon: Binfords and Mort, 1958), p. 234.

Reverend Jackson's efforts began to pay off in 1884 when Congress passed an Act creating civil government in Alaska, which included provisions for education.

Section 13 of the Harrison Bill or "Organic Act", as it was called, provided that the Secretary of the Interior "provide for the education of children of school age in the Territory of Alaska without reference to race until such time as permanent provisions shall be made for the same". An appropriation of \$25,000 was made for this purpose. However, none of the appropriation was expended until 1885 when, through the Secretary of the Interior and the U.S. Commissioner of Education, a general agent of education for the Territory was appointed.¹³ The Reverend Sheldon Jackson was appointed the General Agent of Education for the Territory of Alaska. The General Agent had the responsibility of establishing and administering schools in Alaska and reported directly to the U.S. Commissioner of Education. Because of his interests both in the Presbyterian Mission primarily to Natives and in education, he was soon charged with favoring the schools of his own denomination and also of neglecting the children of the white population. Although Jackson's original commission headquartered him in Sitka, the Territorial Capital, he soon moved his headquarters to Washington, D.C., where he could better influence the Congress, and traveled to Alaska mostly in the summer. His influence in Washington is reported to have rivaled the Alaska Commercial Company and the salmon cannery interests. In addition to his influence on behalf of appropriations for education in Alaska, which reached a peak of \$50,000 for the year of 1889, he also influenced other Alaskan policies, including political appointments to federal positions in the Territory.¹⁴

For a time, 1887-1891, through the efforts of Governor Swineford, a Territorial Board of Education consisting of the Governor, the Judge of the U.S. District Court in Sitka, and the General Agent was appointed to oversee education in Alaska. This Board was provided with a set of rules and regulations promulgated by the Secretary of the Interior and empowered to create new regulations where warranted for better management. Reports from the Governor of Alaska¹⁵ and the General Agent¹⁶ during the period show both friction and turmoil over Alaskan education. Management was shifted back to Washington, D.C. in 1891 where it became embodied in the Department of the Interior's Bureau of Education.

The magnitude of Sheldon Jackson's task can only be understood when one recognizes that he was given the task of establishing schools in a Territory of about 600,000 square miles with over 30,000 people and at least 6,000 children of school age with an appropriation of \$25,000. Subsequent appropriations would depend on future Congressional action.

¹³Education in Alaska, pp. 738-739.

¹⁴Hulley, pp. 234-237.

¹⁵Letter from W. Q. C. Lamar, Secretary of the Interior, to N. H. R. Dawson, Commissioner of Education, June 15, 1887; Letter from Commissioner of Education, Dawson to Governor Swineford, June 15, 1887; and Regulations and Comments.

¹⁶Report of the Governor of Alaska, 1886-1892.

Added to these problems were the limited modes of transportation and communications. It is no small wonder that public education in Alaska grew from non-existence to 58 public schools serving about 3,000 students (Natives, Whites and mixed blood) at an annual expenditure of approximately \$120,000 in the 21 years (1885-1906) that he served as General Agent.¹⁷ He was also instrumental in getting mission schools of many Christian denominations started in Alaska. Through his efforts, some public support in the form of contracts and grants went to assist in the educational efforts of the mission schools. Some mission schools were also taken over and run as government schools.

During Sheldon Jackson's reign as General Agent, Congress enacted two more important laws affecting education in Alaska, one providing for the incorporation of towns and the establishment of schools within these towns in 1900 and another known as the Nelson Act in 1905.¹⁸ The Incorporated Towns Act and its amendments allowed communities of 300 or more to incorporate and use their liquor license fees (one-half at first and amended to 30 percent of the total) and up to a two-percent levy on the property value for school purposes. The Act also provided for local school boards and mandatory school attendance. This Act provided the impetus for the establishment of all white schools in larger communities. Until 1889, there were only two all white schools in Alaska (Sitka and Juneau). The decade that followed brought many white people and their families into Alaska in the search of gold. By 1900, the establishment of one or two additional schools per year primarily for Whites was not sufficient to keep up with the demand. In 1901, there were four incorporated towns with schools (Juneau, Skagway, Ketchikan, and Treadwell); by 1908, the number had grown to eleven.¹⁹

In 1901, the "Act making further provisions for a civil government in Alaska" was also amended to provide for 50 percent of all federal license monies paid for businesses outside of incorporated towns to be expended for schools outside of the incorporated towns. The 50 percent applied only after the cost of the courts were satisfied and did not yield as much for education as had been anticipated (1902-\$35,882; 1903-\$19,743; 1904-\$103,377; 1905-\$145,154; 1906-\$30,282). This situation existed until 1905 when Senator Nelson of Minnesota succeeded in getting what is known as the "Nelson Act" passed. The Nelson Act provided that any community outside of incorporated towns having a school population of 20 "white children and children of mixed blood who lead a civilized life" might petition the Clerk of the Court in the respective judicial division for a school district. An elected school board of three members was provided for and the Governor of Alaska was made the ex-official Superintendent of the Nelson Schools. Revenue to support the Nelson Schools was to be derived from 25 percent (30 percent after February 6, 1909) of the "Alaska Fund". The "Alaska Fund" consisted of all monies derived from and collected for liquor licenses, occupation or trade licenses outside of the incorporated towns in Alaska.²⁰

¹⁷ Report of the Commissioner of Education, 1886-1892.

¹⁸ Report of the Commissioner of Education, 1906, pp. 23-28; Report of the Governor of Alaska, 1906; Henderson, pp. 21-23.

¹⁹ Education in Alaska, p. 740.

²⁰ Report of the Commissioner of Education, 1889-1901; Education in Alaska, pp. 740-741; Report of the Governor of Alaska, 1889-1902.

The extent to which Sheldon Jackson influenced the extensions of the Civil Government Act in Alaska (1900-1904) and the Nelson Act of 1905 is not generally treated in the literature. However, the criticism that he favored Natives and the Presbyterian cause in his administration of the limited Congressional appropriation must have brought about a greater awareness among those who were interested in education of "Whites and children of mixed blood". That he was aware of the problem can be seen in the following quote from his 1898-99 report to the U.S. Commissioner of Education.²¹

For the past six years the annual appropriation for the education of children in Alaska has been \$30,000, increased yearly since 1895 by the sum of \$5,000 from the Indian appropriation bill. In strict economy it has been possible with these amounts to support the present school system. Within the past three years thousands of white men have settled in Alaska, many of them taking their families with them. The population of the older settlements has largely increased and several new towns have sprung up which are clamoring for school facilities. If Congress regards it as the duty of the Secretary of the Interior to continue to provide schools for the white population of Alaska, I cannot state too emphatically that it is absolutely necessary that the appropriation for education in Alaska be largely increased. In order to provide school facilities which shall approximate the present needs of the increasing population of Alaska an annual appropriation of at least \$60,000 is an imperative necessity. This is the amount which has been urgently recommended by the governor of Alaska.

Reverend Sheldon Jackson can also be credited with the introduction of domestic reindeer into Alaska. Through his efforts in Congress and with the aid of private subscriptions, reindeer were imported from Siberia and northern Norway to the Seward Peninsula in Alaska. In addition to his education responsibility, Jackson was given the duty of overseeing the reindeer production. His action of turning some reindeer over to denominational missions without legal authority, coupled with increasing criticism of his handling of the education in Alaska, caused President Theodore Roosevelt to send Frank C. Churchill to Alaska as a special agent to investigate the reindeer service and the schools. This investigation carried out in the summer of 1905 led to President Roosevelt's removal of Reverend Jackson from his position of General Education Agent for Alaska in 1906.²²

The Organic Act of 1912

James Wickersham, a well-known Alaska Territorial judge who became a Territorial delegate to the U.S. Congress, introduced "A Bill to Create a Territorial Legislature in the Territory of Alaska, to confer legislative powers thereon and for other purposes." The bill was introduced in the House on April 4, 1911. After much debate and many amendments on the Senate side, the bill, in its weakened form, was finally passed August 24, 1912. This "Organic Act" did create a Territorial Legislature for Alaska with a Senate of eight (two from each judicial district) and a House of Representatives with sixteen members (four from each judicial district). The powers of the Legislature were limited.

²¹Henderson, pp. 22-23; Hulley, pp. 243-244; Education in Alaska, pp. 742-743.

²²Report of the Commissioner of Education, 1898-99, p. 1380.

The Governor, an appointed position, could veto even individual items of appropriations bills.

Any Act of the Territorial Legislature could be declared null and void by Congress and a creation of long-term debt by bonding or other means was denied to both the Territory and municipal divisions thereof. There was a prohibition against passing laws affecting the establishment or maintenance of schools and the appropriation of Territorial money for the support of schools.²³

Two school laws passed by the second biennial session in 1915 were nullified by Congress as being outside of the purview of the Territorial Legislature of Alaska. One law would have created a uniform school system in Alaska and the other would have provided for "Nelson Schools" in communities of ten or more children.²⁴

Prohibition was a mixed blessing for Alaska schools. It meant that the largest portion of taxable revenue for schools (saloon licenses) would be lost. On the other hand, those who supported the "bone-dry" law on the national and Territorial levels also supported Congressional legislation to allow the Territorial Legislature to establish and operate its own schools. On March 3, 1917, Congress amended the Organic Act to allow the Alaska Legislature to provide for the creation of a Territorial School System.²⁵

Alaskan Education During the First Fifty Years of U.S.A. Control

In summary, the first 50 years of education in Alaska under U.S. ownership can best be characterized as one of lack of education. The U.S. Government provided no financial assistance for education that was expended in the Territory until 1885. The only educational effort during the first 18 years of U.S. possession was that of the Greco-Russian church missions, two schools on the Pribilof Islands provided by the Alaska Commercial Company, and a city government school at Sitka which existed during the late 1860s and early 1870s.

The next ten years brought an increase in mission schools. The first to enter under U.S. possession was the Presbyterian in 1877 followed by the Moravian, Roman Catholic, Protestant Episcopal, Methodist Episcopal, Friends Society, Swedity Evangelical and independent missionaries, such as Father Duncan at Metlakatla. Many of these mission schools were taken over by the U.S. Bureau of Education and others subsidized by the Bureau. The subsidy was stopped in 1895. In the early 1890s, there were more mission schools than public schools.

In the 15 years between 1885 and 1900, only about \$600,000 was provided by Congress for education in Alaska. In 1898-99, there were

²³Hulley, pp. 240-242.

²⁴Education in Alaska, pp. 744-745; Henderson, pp. 24-26; Hulley, pp. 305-309.

²⁵Henderson, pp. 25-26.

20 government schools with an enrollment of 1,369 and an annual appropriation of \$30,000 plus \$5,000 from the Indian Appropriation Bill. This amounted to about \$25 per student per year. Moreover, only about 20 percent of the children of school age were being provided a public education program.²⁶

The Incorporated Town Act (1900) followed by the Nelson Act (1905) gave the impetus for some measure of "local" control of education with revenue being generated from Territorial sources. Funding education was no longer left wholly to the whims of Congress. Juneau and Skagway were the first to incorporate and maintain their own schools, followed by Ketchikan and Treadwell, then by Douglas, Eagle, Valdez and Wrangell, bringing the number to nine in 1903. The number had grown to 14 in 1916. Also, there were 37 Nelson Schools and three incorporated school districts in 1916. In all, there were approximately 3,100 students of white and mixed blood being served from Territorial funds. The Native students continued to be served by the Department of the the Interior. The enrollment in the Native schools was 3,600 in 1916 bringing the total number of students enrolled in Alaska's public schools to about 6,700, with a total annual expenditure of about one-half million dollars.²⁷

While exact data is not available, a rough estimate of the total amount of public monies spent on education in Alaska in the first half-century of the U.S. possession is \$4 million. This breaks down to about \$2.4 million from the federal government, \$1.1 million from incorporated towns, and \$500,000 from outside of incorporated towns. Table 1 on page 10 gives some idea of the growth pattern of each type of school in Alaska at five-year intervals 1885-86 through 1915-16.²⁸

²⁶Henderson, pp. 24-25; Hulley, p. 309.

²⁷Report of the Commissioner of Education, 1989-99, pp. 1373-1380.

²⁸Education in Alaska, pp. 740-745; Henderson, pp. 20-25; Report of the Commissioner of Education, 1916, p. 9.

TABLE 1

PUBLIC SCHOOL ENROLLMENT AND COSTS IN ALASKA: SELECTED YEARS 1885-86 THROUGH 1915-16

Year	Bureau of Education			Incorporated Towns/Schools			Outside Incorp. Towns/Schools			Total Public Schools	
	No. Schools	No. Enroll.	Annual Exp. \$	No. Districts	No. Enroll.	Annual Exp. \$	No. Schools	No. Enroll.	Annual Exp. \$	No. Enroll.	Annual Exp. \$
1885-86	7	---	\$ 25,000	---	---	\$ ---	---	---	\$ ---	---	\$ 25,000
1890-91	16	633	50,000	---	---	---	---	---	---	633	50,000
1895-96	18	1,197	35,000	---	---	---	---	---	---	1,197	35,000
1900-01	24	1,681	35,000	2	200*	30,000*	---	---	---	1,881	65,000
1905-06	35	2,136	82,282	9	600*	90,000*	11	400*	57,059	3,136	229,341
1910-11	81	3,841	200,000	13	1,100*	95,000*	19	650*	52,647	5,591	347,647
1915-16	68	3,600	200,000	14	1,693	111,917	37	1,470	78,241	6,763	490,158

*Estimated

TERRITORIAL DEPARTMENT OF EDUCATION

In 1917, after 50 years of struggle and in the face of a "bone-dry" law, which threatened to drastically cut revenue for education, Alaska was given Congressional authority, through its Territorial Legislature, to manage its own educational affairs with the exception of schools for Natives which continued to be maintained by the Department of the Interior. That local control of education was important to Alaskans is evidenced by the immediate action of the third Territorial Legislature to create a joint Senate and House Committee on Education consisting of two and five each members respectively.²⁹

Since 1900, incorporated towns had run their own schools almost independently even though the Governor, through the Nelson Act of 1905, was designated as ex-official Commissioner of Education for the Territory and, as same, distributed the funds to Nelson Schools. This had not been an entirely satisfactory answer. A uniform system of education was needed. There were also revenue problems in both the incorporated schools and the Nelson Schools. There was a strong desire to open Nelson Schools for fewer than 20 students in a community. School buildings needed repair and new buildings needed to be built. These, as well as other pressing needs, faced the third Territorial Legislature.

Ten major school issues were addressed by the third Legislature of which six were of major importance to elementary and secondary education in Alaska. The other four dealt with higher education and citizenship study for adults.³⁰ A majority of that legislative session was devoted to education. The major elementary and secondary laws are summarized below.³¹

1. Chapter 5: Provided for the establishment of incorporated school districts outside of incorporated towns in communities of 100 with 30 or more children between the ages of 6 and 20. There was a 40-square-mile limit on the area and a limit of one percent tax on real and personal property for the school support.
2. Chapter 22: Provided for the establishment of school "districts" in the areas outside of incorporated towns by petition to the Clerk of the District Court when there were ten or more resident white children in a maximum of 40 square miles. Funding to be provided 100 percent by the Territory and administered by a locally elected three-member school board. The Act also provided \$300-\$1,800 in proportion to the number of pupils in the "district" for the purchase, lease or construction of a school building.

²⁹Report of the Commissioner of Education, 1886, 1901, 1906, 1911, 1916; Education in Alaska, pp. 741-743.

³⁰Education in Alaska, pp. 744-745; Henderson, pp. 25-26; Hulley, pp. 318-320.

³¹Education in Alaska, pp. 743-745; Henderson, pp. 24-26; Hulley, pp. 318-320.

3. Chapter 28: Provided for Territorial financial support of 75 percent of the cost of education in the incorporated towns and school districts to a maximum of \$15,000. However, the Territory would not reimburse cost for new school construction or major repair and would reimburse only up to ten percent for "minor" repairs and alterations.
4. Chapter 61: Established a school fund for revenues from the leasing of school lands and made the Governor and the Secretary of the Territory the custodians and managers.
5. Chapter 64: Created a Uniform School System for the Territory. There was created a Territorial Board of Education along with a Commissioner of Education. There were many important duties and responsibilities assigned to this Board. The importance of this Act when taken in conjunction with the other school acts is so great that the complete text of the Act (Chapter 64 SLA 1917) is included rather than summarized.

CHAPTER 64 SLA 1917

AN ACT

(H. B. 2)

To establish a uniform-school system in the Territory of Alaska, to create a Territorial Board of Education and Commissioner of Education, prescribing their power and duties, and fixing their compensation, and repealing all acts, and parts of acts in conflict herewith.

Be it enacted by the Legislature of the Territory of Alaska:

Section 1. That a general and uniform system of schools shall be maintained throughout the Territory of Alaska, and shall embrace common schools, including High, Grammar, Primary and Kindergarten schools, and such other schools as may be hereafter established; Provided, that nothing in this Act shall be construed as referring to or as including schools for Alaska Natives which are now, and which may hereafter come under the control of the Federal Government, and be administered and supervised through the United States Bureau of Education of the Department of the Interior.

School system established.

Section 2. That for the general supervision, government, and control of all the Territorial public schools of Alaska, and for the general supervision, government and control of any other public school, or Territorial Educational Institution, as may now or hereafter be founded, a Territorial Board of Education is hereby created and established to be known as the Territorial Board of Education of the Territory of Alaska.

Territorial School Board authorized.

Section 3. The Territorial Board of Education shall consist of the Governor of the Territory, who shall be ex officio President, and the four senior senators, one from each division of the Territory.

Organization of.

Section 4. The Territorial Board of Education, shall hold its regular meetings on the first day of May, 1917, and bi-ennially thereafter on the second Monday in March in such place at the Capital of the Territory as the president may designate. The regular meetings may be adjourned from day to day until all business has been disposed of.

Meetings.

Section 5. The Territorial Board of Education shall have power, and it shall be its duty to appoint at a salary not to exceed four thousand dollars (\$4,000.00), per annum, a Commissioner of Education, and upon recommendation of said Commissioner of Education, may appoint such other

Appointment of Commissioner of Education and Clerks.

specialists, clerks and other executive office employees, as in its judgment the execution of the work of the Board may demand, and fix the salaries of the same, provided, however, that the expenses under this section shall not exceed the sum of two thousand dollars (\$2,000.00), per annum in addition to the salary of the Commissioner of Education.

Section 6. Said Commissioner of Education shall be chosen for a term of two years upon merit, and because of his special fitness to propose and execute beneficial educational policies for the general supervision, government and control of the public schools of the Territory. The Territorial Board of Education shall have the power to dismiss the Commissioner of Education whenever in its judgment the best interests of the public schools require his removal.

Term of office and qualifications.

In case a vacancy should arise in the office of Commissioner, either by death, resignation or otherwise, the president of said board shall have the power to fill said vacancy by appointment, said appointee to hold office until the first meeting of the Board thereafter.

Vacancy, how filled.

Section 7. The Territorial Board of Education shall have power to make rules and regulations for its own government, and for the government of the Commissioner of Education. It shall assign to the Commissioner of Education his duties, direct him as to his work, and shall be free to change such assignment and directions to meet the necessities of the work under his direction.

Rules and regulations.

Section 8. It shall constitute a final court of Appeals, in all Educational Controversies, and shall delegate to the Commissioner of Education the execution of all policies decided upon.

Board's authority final.

Section 9. It shall prepare a budget of necessary expenses for the maintenance of the Public Schools of the Territory, and the department of the Board of Education, and shall present the same to the legislature at each session.

School budget.

Section 9½. It shall require the School Boards to make such reports as deemed necessary.

Reports

Section 10. It shall direct and supervise the auditing of all expenditures of funds and appropriations made for the maintenance and the upbuilding of the public schools of the Territory, and shall have the direction and control of all Territorial school funds and shall make provisions for the payment of all warrants and accounts that may be drawn on said fund.

Audit of expenses.

Section 11. The Board of Education shall adopt an official seal.

Official Seal.

Section 12. The Commissioner of Education shall be provided with an office by the Territorial Board of Education to be located at the capital of the Territory of Alaska, and shall be furnished with necessary stationery, fuel, light and other essential things.

Office and expenses of commissioner.

Section 13. In all Educational matters which involve new policies, and new methods of procedure, the Commissioner of Education shall report back to the board for instructions; but once having been given these instructions, the execution of them shall be left to the Commissioner of Education.

Change of policy to be approved by Board.

Section 14. The Commissioner of Education shall be a citizen of the United States, and he shall, before entering upon the duties of his office as Commissioner of Education, take and subscribe to an oath to faithfully discharge the duties of his office, which oath shall be filed with the Secretary of the Territory.

Qualifications of Commissioner.

Section 15. The Commissioner of Education before entering upon the duties of his office shall furnish a proper bond of some approved surety company, (such bond and surety or sureties to be subject to the approval of the Territorial Board of Education) payable to the Territory of Alaska, and conditioned upon the faithful performance of his official duties as provided by this Act. Said bonds shall be deposited with the Secretary of the Territory of Alaska.

Bond required.

The Commissioner shall furnish a new bond whenever required by the Board.

Section 16. He shall have supervision of all matters pertaining to the public schools, and other educational institutions of the Territory of Alaska, to include all public schools within incorporated towns and all public schools outside the limits of incorporated towns.

Authority.

Section 17. The Commissioner of Education may travel with the consent of the Board of Education without neglecting his official duties as the Commissioner of Education, for the purpose of study and attending educational meetings, outside the territory. Provided, that he shall not absent himself from the Territory for more than ninety (90) days during any one year. Provided, further, however, that no expense shall be incurred under this section unless appropriation is previously made therefore by the legislature.

Travel outside Territory, when.

Proviso.

Section 18. He shall require annually, or at such other times as he may determine, of the teacher, President, Superintendent, or Principal of all public schools or other educational institutions and the School Boards of all School Districts receiving Territorial aid, a report of such facts, arranged in such form as he may prescribe.

Reports from schools receiving aid from Territory.

Section 19. He shall keep in his office all records, books and papers pertaining to the business of his office, and shall keep and preserve in his office a complete record of statistics of all matters pertaining to educational interests of the Territory.

Records.

Section 20. He shall file, all papers, reports and public documents transmitted to him by school officers of the several school districts of the Territory each year separately. Copies of all papers in his office and his official acts may be certified by him and attested under the official seal of the Board of Education, and when so certified shall be evidence equally and in like manner as the original papers. He shall charge for such certified copy 50 cents per folio and all moneys so received shall be immediately paid to the Territorial Treasurer and accredited to the school fund of the Territory.

How kept.

Section 21. He shall prepare, or cause to be prepared, a minimum course of study for the public schools of the Territory, and such a course be approved by the Board of Education before its adoption.

Course of study for schools.

Section 22. He shall, on approval of the Board of Education, prepare and publish such bulletins or pamphlets relating to various phases of educational work as he may deem necessary for the information and instruction of the citizens of the Territory, and shall distribute the same to the various school boards throughout the Territory.

Bulletins and pamphlets.

Section 23. He shall, with the approval of the Board of Education, prescribe such rules and regulations for the general government of the public schools, as shall be necessary to secure efficiency and promote the true interests of the public schools.

Rules for public schools.

Section 24. He shall prepare uniform questions for use in the examination of pupils of the Territory, completing the grammar-school course of study, and shall prescribe uniform rules and regulations for the conducting of such examinations; provided, however, that accredited schools may be exempt from such examinations at the discretion of the Commissioner of Education.

Examination questions.

Section 25. He shall in conjunction with the Commissioners of Health, prescribe such rules and regulations not inconsistent with the laws of the Territory as may from time to time in his opinion be needed to secure thorough sanitary conditions in the public schools throughout the Territory.

Rules for protection of health.

Section 26. He shall deliver to his successor at the expiration of his term of office, all records, books, maps, documents and papers, of whatever kind belonging to his office, or which may have been received by him for the use of his office.

Records to be delivered to successor.

Section 27. He shall submit to the President of the Board of Education a monthly statement with vouchers attached of his expenditures for traveling expenses, together with a statement of his actual subsistence and other expenditures when away from the Capital on work connected with

Account of expenses and limit of.

his office, and in the discharge of his official duties, Provided, that such actual traveling and subsistence expenses shall not exceed the amount of Two Thousand Dollars (\$2,000.00) annually, Provided, further, however that no expense shall be incurred under this section, unless appropriation is previously made therefor by the Legislature.

Section 28. The Commissioner of Education may in his discretion provide for a Teacher's Institute for teachers in each of the four Judicial Divisions of Alaska, and approve the programs thereof. It shall also be his duty, to examine and accredit the Secondary and Elementary or Grammar Schools of the Territory. Teacher's Institute.

Section 29. Every person employed as a teacher in the public schools in the Territory of Alaska shall first apply for and obtain a teacher's certificate, as provided in this act. Teacher's certificate.

Section 30. The Commissioner of Education shall have power to grant Territorial certificates by endorsements of approved certificates issued by any State valid for a period equal to that of the certificate presented for endorsement, provided, that such applicant shall present satisfactory evidence that he, or she has been successfully engaged in educational work within two years time prior to the presentation of such certificate. He shall have power to grant Territorial certificates valid for a period of three years by endorsement of diplomas issued by Normal Schools, colleges and universities of approved standing. All such certificates by endorsement shall be renewable on presentment of proof that the holder has been successfully engaged in educational work during one-half the period in which the certificate was valid or in force. Issuance of upon certificates from other States.

Section 31. He shall have the power to issue, first, second and third grade Territorial certificates upon examination in such subjects as the Board of Education may prescribe, Provided, that first grade certificates shall be valid for five years, second grade certificates for three years and third grade certificates for one year from the date of issuance, and Provided, further, that any of the certificates mentioned in this section may be renewable upon presentment of evidence that the holder thereof has been successfully engaged in educational work during at least one-half of the period in which the certificate is valid or in force. Issuance of Certificates and period for which valid.

Section 32. The Commissioner of Education, may in case of an emergency grant a temporary certificate valid for one year to a teacher, who, in his opinion is entitled to such, and who shall furnish evidence of his, or her, qualifications, Provided, that such certificate shall not be renewable. Temporary Certificate.

Section 33. He shall have the power to revoke for immorality, violation of written contract, intemperance, crime against the laws of the Territory or any unprofessional conduct, any certificate which may have been granted, Provided, that no certificate shall be revoked until the accused has been given an opportunity of being heard. When certificates may be revoked.

Section 34. Examinations for all Territorial certificates shall be held at such time as the Commissioner of Education may designate. Such examinations may be held in the division where needed, and shall be under the charge of the Commissioner of Education, a teacher, or other person appointed by him. Said examination shall be conducted in accordance with the rules and regulations prescribed by the Commissioner of Education. The questions used in these examinations shall be such only as are sent out by him under the seal of the Board of Education. Examination for Certificates.

Section 35. The examination papers, together with recommendations of the examiner in each case shall be forwarded to the Commissioner of Education, who shall, if he approves the same, issue to the applicant a Territorial certificate. Papers to be filed with Commissioner.

Section 36. Every person, before receiving any of the said Territorial certificates shall pay the Territorial Treasurer the sum of Two Dollars and Fifty Cents (\$2.50), payable to the Commissioner of Education, which amount shall be accredited to the school fund of the Territory. Fee for issuance of Certificate.

Section 37. No books, papers, tracts, or documents of a partisan, sectarian or denominational character shall be introduced in any public school under the provisions of this law, and any and every, partisan, sectarian or denominational doctrines are hereby expressly forbidden to be taught therein, and no teacher, or school board shall receive any public money for the maintenance of schools, which have not been conducted in accordance with the provisions of this act.

Partisan and
sectarian
books or
instruction
prohibited.

Section 38. The school year shall begin on the first day of July of each year, Provided, that this does not require the school terms to begin on this date, but such terms may begin at such times as fixed by the school board of the school district.

School year
to begin
July 1st.

The Trustees of any school district shall have the power to authorize the use of any school house, or school houses, as a community center.

School houses
as community
centers.

Section 39. It shall be the duty of the Commissioner of Education to recommend to the Territorial Board of Education at its regular meeting--1919, regulations and proposed legislation bearing on the subject of a uniform system of text books in all or part of the public schools within the Territory.

Uniform
text books.

Section 40. The term secondary schools, within the meaning of this act, shall be considered as referring to schools doing work in grades 9 to 12, inclusive, as distinguished from elementary or grammar schools whose work usually covers grades 1 to 8, or from colleges or universities doing work above the 12th grade.

"Secondary
schools"
defined.

Accredited secondary schools, within the meaning of this act, shall be considered as applying to secondary schools whose work is equal to or above a standard set by the Commissioner of Education of the Territory. In establishing this standard, the Commissioner of Education shall be guided by the practices employed by the University of Washington or by the requirements of other state universities of equal rank in accrediting secondary schools within the state in which they are situated.

"Accredited
schools"

Accredited elementary or grammar schools within the meaning of this act shall be considered as applying to elementary or grammar schools whose work is equal to or above a standard set by the Commissioner of Education of the Territory.

Approved May 3, 1917.

6. Chapter 73: The Appropriations Act provided the following appropriations for education for the 1917-1919 biennium.

For the office of the Commissioner of Education	\$ 16,000.00
For the support of schools in incorporated towns and districts	270,000.00
For the support of schools outside of incorporated towns and districts	140,000.00
For the maintenance of citizenship night schools . . .	5,000.00
For the enforcement of the Compulsory Education Act . .	<u>2,500.00</u>
TOTAL . .	\$433,500.00

With the passage of the Nelson Act of 1905, the stage was set for a tripartite management structure for education in Alaska. There were Native schools under the Bureau of Education in the Department of the Interior, incorporated city schools under the direction of a locally elected school board and the "Nelson" schools (schools outside of incorporated towns serving students of white and "mixed" blood). The third Territorial Legislature created a system of education out of the incorporated city schools and the "Nelson" schools under a Territorial Department of Education. The Native schools under the Interior Department were excluded from the Territorial education system.

Funding for the new education system was derived from the federal, Territorial and local levels of government. Since education received a portion of the funds collected through Territorial taxation, as well as earmarked federal funds and locally generated funds in incorporated school districts, there was a broader base of support for education than for other Territorial functions.

The following is a summary of the sources of revenue for public education in Alaska.³²

1. Federal Sources

- a) Alaska Fund: Federal license fees on some 50 specific businesses and trades assessed annually. Utilities, salmon processing and mercantile establishments paid a tax graduated according to gross receipts or some other measure of business activity. These license fees were collected by the clerks of the federal district courts and paid into the "Alaska Fund" or returned to the municipalities when collected within the municipal boundary. Twenty-five percent of the "Alaska Fund" was dedicated to education.
- b) National Forest Receipts: Revenue from the sale of timber in the national forests in Alaska. The Territory received 25 percent of the receipts for roads and/or schools. (Federal law provided for the money to go to counties where national forests were located, but Alaska had no county equivalent; therefore, the funds went to the Territorial government.) The Territorial Legislature dedicated 25 percent of the Territory's 25 percent to education and the remaining portion to roads.
- c) Sections 16 and 36: Sections 16 and 36 of each township were reserved for education purposes (this proved to be a very minor source of revenue).

2. Territorial Sources

- a) Territorial Revenue Act of 1915: An Act which imposed a graduated scale of taxation on fisheries and cold storage plants in addition to license fees on certain businesses.

³²Session Laws of Alaska, 1917, Chapters 5, 22, 28, 61, 64 and 73.

- b) Poll (Head) Tax: Five dollar annual tax levied on men between the ages of 21 and 50.

3. Local Sources

- a) Federal License Fees: Collected by clerks of the federal courts and returned to the municipalities.
- b) Real and Personal Property Tax: Incorporated municipalities allowed to tax up to two percent of real and personal property value for schools and other governmental purposes.

While education's revenue base was fairly broad, that of the territory was very limited. This limitation proved to be a continual problem during Territorial days and, because education depended heavily on direct appropriation from the Territory, there were constraints on education as well.³³

No major changes were made in either the organization and management or funding of education in the Territorial system until 1929. However, there were some important changes which will be enumerated in chronological order.

1. The 1919 Session Laws:

- a) defined the school day and month and declared school holidays;
- b) empowered the Commissioner of Education to grant special certification (i.e., manual training, domestic science, P.E., etc.) which may be authorized by the Territorial Board of Education; withhold Territorial funds from teachers and school boards who failed to comply with the school laws and regulations or who failed to make the required reports; approve all plans for school buildings before erection; approve proposed expenditures for incorporated school districts and approve and transmit quarterly reimbursements to incorporated school districts based upon certified statements and vouchers approved and submitted by the local boards;
- c) authorized the establishment of normal schools (teacher training) in conjunction with high schools in incorporated school districts and allowed an appropriation of up to \$1,500 for same (no appropriations were made after 1922); continued the \$15,000 maximum limit for reimbursement to incorporated school districts and excluded expenditures in excess of ten percent for building repairs, alterations and improvements, as well as expenditures for levying and collecting taxes, election costs, teacher living quarters costs, pupil prizes and

³³Revenue and Taxation in Alaska, Alaska Legislative Council, Juneau, 1962, pp. 24, 46-47, 51-52, 73-75, 80.

other expenditures which were designated by the Territorial Board of Education by regulation as not being proper expenditures;

- d) affirmed that all schools (within and outside incorporated municipalities) which receive aid under the Territorial appropriations were subject to the Territorial statutes;
 - e) prohibited the expenditure of funds appropriated for "outside" schools for funding incorporated schools or schools in the unincorporated areas which qualified for incorporated school status except with the consent of the Territorial Board of Education;
 - f) designated the "poll" tax as a school tax and dedicated the receipts to the school fund; and
 - g) made possible the creation of "outside" schools for a minimum of ten children of "mixed blood" (previously required ten white children).
2. In 1924-25, the Territory provided money for bussing students outside of incorporated school districts to the incorporated schools and for the payment of tuition to the incorporated school district.
 3. The maximum reimbursement was raised to \$20,000 in 1921-22, \$30,000 in 1927-28, \$40,000 in 1929-30 and repealed in 1936.
 4. The percent reimbursement was increased to 85 percent in 1927-28 and to a graduated schedule based on the number enrolled in the school district in 1929-30 (under 150 received 80 percent reimbursement, 150-300 received 75 percent reimbursement and over 300 received 70 percent reimbursement).

Chapter 97 SLA 1929 codified the Alaska Territorial Education Acts into a uniform public school system, defined the public schools of the system, delineated the qualifications, roles, powers and duties of the Territorial Board of Education, Commissioner of Education and local boards of education and provided the legal basis for this establishment, conduct and financing of a compulsory public education program.

Four classes of school districts were created and defined:

- a) school districts in incorporated cities were known as city schools;
- b) school districts outside of incorporated cities having a population of 100 or more and 30 children between the ages of 6 and 17 within 40 square miles who incorporated as a school district were classed as incorporated school districts;

- c) rural or village schools were schools serving ten or more children of white or "mixed" blood between the ages of 6 and 17 within a 40-square-mile area outside of either city or incorporated school districts; and
- d) special schools were a class of schools with a minimum of five students, which did not qualify for rural or village school status.

The first three classes of schools were locally controlled by an elected school board. Special schools were under the direct supervision of the Commissioner of Education. Rural or village schools were funded totally by the Territory. Residents of the communities in which special schools were established were required to provide a suitable building and the Territory provided all the other costs.

Local funds for city schools were provided by appropriations made by the city government. Local funds for incorporated school districts were generated by a tax on real and personal property of up to two percent levied by the incorporated school district's board. Because of their taxing power, the incorporated school districts were fiscally independent.

Section 44 of Chapter 97 SLA 1929 empowered the Commissioner of Education, with the consent of the Governor as president of the Territorial Board of Education, to close schools in the unincorporated areas when the enrollment dropped below efficiency levels and when the population grew large enough to qualify as an incorporated school district.

Chapter 115 SLA 1929 provided for the election of the Commissioner of Education by popular vote, starting with the November 1930 election, for a two-year term and from 1932 on for terms of four years each. However, the Act was repealed by Chapter 42 SLA 1933 which also established an executive Territorial Board of Education appointed by the Governor and confirmed by a majority of the Senate and House of the Legislature in joint session. Broad powers were granted to this five-member (one member from each of the four judicial divisions and one at large) lay Board. In addition to the powers and duties included in Chapter 97 SLA 1929 (codified education code), the following powers and duties were assigned to the Board:

- a) appoint a qualified Commissioner of Education and set the salary for same within the limits of the law;
- b) adopt rules and regulations for the Department of Education and the government of all schools, including teacher certification;
- c) require local school boards to make such reports as necessary;
- d) serve as a final court of appeals for all education controversies;

- e) supervise the expenditure of funds appropriated for use in all public schools except for the Territorial college; and
- f) study the educational needs of the Territory and make recommendations for the enactment of legislation that is deemed necessary³⁴ for the improvement of the Territorial school system.

Rural school boards were abolished in 1932 and the responsibility for all schools outside of organized districts was placed with the Territorial Department of Education. According to Hulley, both poor management and mismanagement in the uses of funds on the part of local boards, whose constituents were not directly taxed for a portion of the cost of education, were major contributing factors to the elimination of local boards of education in the unorganized areas of the Territory.³⁵

The Territorial school system that had evolved by 1934 remained essentially the same until Statehood in 1959. The organization, administration and funding structure were modified only slightly until after Statehood. The organizational chart on page 22 provides an overview of the Territorial educational system.

In 1935, the independent class of school district was added to allow a city school district to expand its boundaries to include areas outside of the city. Provisions were made for voting representation and taxation for citizens outside of the city limits. By Statehood, over one-half of the students enrolled in the Territorial school system were in independent school districts.³⁶

While World War I had very little impact on education in Alaska, World War II had a direct and important impact on Alaska's education program. At first, there was a drop in enrollment due to evacuation because of the fighting on Alaskan soil. This was followed by an increase in enrollment due to the influx of people associated with the military buildup in Alaska. Alaska was recognized as being strategic to the defense of the United States even after the close of World War II; therefore, the military activity was continued and increased. The Anchorage and Fairbanks areas were impacted most by the military activity. The U.S. Government first contracted with the Territorial Department of Education to run schools on the military reservations for school age dependents. By 1951, the Congress had recognized the impact of military activity on schools throughout the nation and, because U.S. Government property is exempt from taxation, relief was provided through two federal impact Acts.

Public Law (PL) 81-874 provided relief for the day-to-day operations cost of education while PL 81-815 provided assistance for school construction. Both programs were administered by the U.S. Commissioner of Education. In Alaska, with its unique situation of having schools in the unorganized Territory operated directly by the

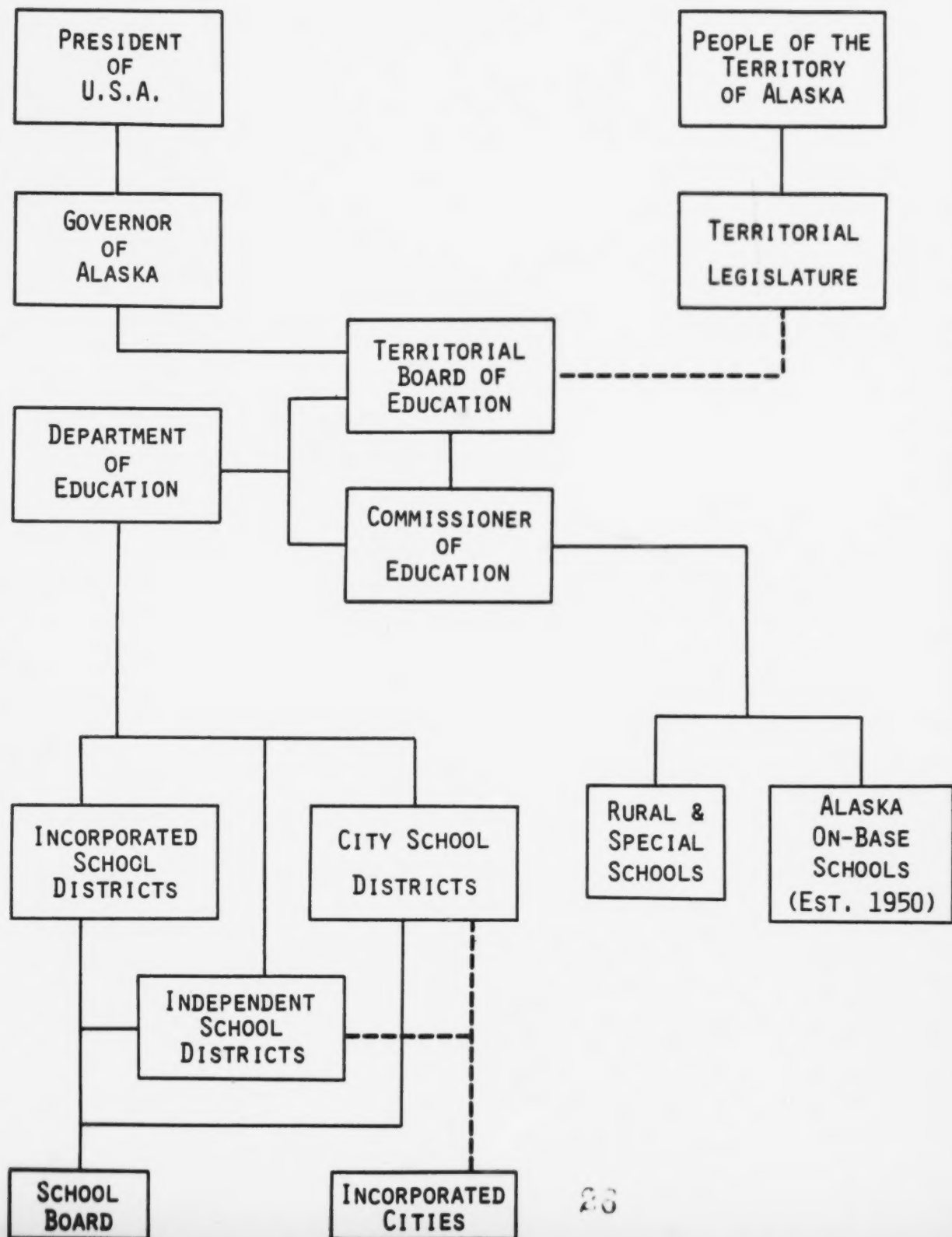
³⁴Hulley, pp. 308, 319, 333-334, 346, 349-353.

³⁵Session Laws of Alaska, 1919-1929.

³⁶Session Laws of Alaska, 1933, Chapter 42.

Organizational Chart

22



Territorial Department of Education, the major impact was to the Territory directly. This unique situation added another group of schools, known as the Alaska On-base schools, to the Territorial Department of Education. Through an arrangement with the U.S. Commissioner of Education, the federal government constructed the schools and provided for major maintenance of same, and the Territorial Board of Education provided for the educational program. This special PL 81-874 arrangement provided full funding for the On-base schools on a two-year lag basis.³⁷ Interpretations of what constituted federal impact property under PL 81-874 and the aforementioned special arrangement, coupled with the fact that the vast majority of land in the unorganized Territory was owned by the federal government, allowed the Territorial Department of Education to receive large sums of money for rural schools under PL 81-874 as well.

As indicated earlier, Alaska's Territorial tax base was limited. The case tax on salmon and mining license tax were the most lucrative, comprising almost 50 percent of all taxes in 1947. In 1943, the school tax was broadened to include employed females, and in 1945, the increased portion of school tax was dedicated to the teacher retirement system established in that year. By 1945, the tax base had been broadened to include the inheritance tax, insurance premium tax, liquor tax and motor fuel tax. In spite of massive efforts on the part of Governor Gruening, beginning with his appointment as Governor in 1939, adequate taxes continue to be a problem. Rapid increase in population with industrial and personal wealth growth, depletion of Alaska's resources, growing demands for services, such as education, roads, law enforcement and social services, demanded additional revenue; however, the lobbying efforts on behalf of business and industry succeeded in delaying Territorial tax reform until 1949. Tax revenues from 1941 to 1946 remained almost constant at \$4.5 million per biennium. The 1947 Legislature made appropriations without an increase in taxes to cover the appropriations, leaving the Territorial government in critical condition in 1947 and 1948.³⁸

The tax reform passed by the 1949 Legislature included the following new major taxes:³⁹

- a) the individual and corporate net income taxes;
- b) the business license tax based on gross receipts;
- c) the raw fish tax and cold storage and freezer ship taxes;
- d) the general property tax (repealed in 1953); and
- e) the tobacco tax (special purpose/school construction).

The new tax system did not go without challenge, but its validity was upheld in the courts. The tax reform resulted in an increase of

³⁷Hulley, p. 319.

³⁸Biennial Report of Commissioner of Education, 1960.

³⁹Letter from U.S. Commission of Education, Re: PL 81-874, July 9, 1974; Proceedings with Alaska Territorial Board of Education, Board Minutes, 1952.

about three and one-half times the revenue per biennium received in 1941-46 or about \$17 million in 1949-50.⁴⁰

The new revenue came none too soon for education. The enrollment had more than doubled in six years and was still on the increase. School buildings and renovations were badly needed. Even though the value of school property had almost tripled as a result of new construction and renovation in both the organized and unorganized areas of the Territory, schools were still overcrowded with no relief in sight. The Territory's largess in support of operation of school programs in the districts had not extended to school facilities. In fact, there were prohibitions against the use of Territorial support funds provided to the school districts for capital outlay or debt service. Debt service was prohibited to both the Territory and its municipal subdivisions except with the permission of Congress. As one would expect, school facilities had not been extravagant or even plentiful anywhere in the Territory and most districts, as well as rural schools, made do with inadequate, or at best, marginal facilities. As early as 1920, some city school districts got permission to issue bonds for school construction, but there was very little debt service as late as 1945. Up to this time, school construction costs were paid for at the school district level by local taxes, with minimal financial support from the Territorial and federal governments. Direct Territorial appropriations with some federal support provided for the rural schools.

Between 1901 and 1920, there are very limited records of expenditures in local schools. Since 1920, records have been maintained through biennial reports of the Commissioner of Education. Table 2 on page 25 summarizes the facility construction efforts in the Territory from 1920-1950.⁴¹

The decade between 1950 and 1960 was one of tremendous growth in public elementary and secondary school enrollments. The average daily attendance (ADA) of the local school districts increased from 8,671 in 1949-50 to 25,283 in 1959-60, while enrollment in rural and military schools run by the Department of Education increased from 2,073 to 11,772. This was a total increase of 352 percent in the ten-year period. It was noted earlier that the school facilities in 1950 were marginal. With the rapid increase in school population, the need for additional facilities became critical. Fortunately, the Territorial Legislature had provided for school construction support through the Tobacco Tax Act. These revenues, when combined with federal funds from the Alaska Public Works Administration support and PL 81-815 funds, were sufficient to allow the school districts and the Department of Education to keep up with the increasing demand for school facilities without creating heavy bonded indebtedness which would have required Congressional approval. School construction on the military bases was done directly by the federal government.⁴² Tables 3 and 4 on page 26 summarize the operating and capital status of Alaska's public elementary and secondary schools in 1950 and 1960.

⁴⁰Hulley, pp. 333-334, 346, 351-352.

⁴¹Revenue and Taxation in Alaska, p. 82.

⁴²Biennial Report of Commissioner of Education, 1950-1960.

TABLE 2

SCHOOL CONSTRUCTION EXPENDITURES 1920-1950

Years	District Schools				Territorial Dept. Schools		
	*Local \$	Territ. \$	Fed. \$	Total	Territ. \$	Fed. \$	Total
1920-30	\$ 475,000	\$ 3,500	\$ ---	\$ 478,500	\$117,273	\$ ---	\$117,273
1930-40	299,700	205,000	143,300	648,000	84,332	---	84,332
1940-50	4,667,600	---	115,200	4,782,772	692,721	66,875	759,596
Estimated Value of School Buildings in 1950				\$5,860,148	\$1,000,000		

*Includes bonds issued

TABLE 3

SCHOOL COSTS IN 1949-50 AND 1959-60

Years	ADA	Total Cost Excl. Cap. Outlay & Debt. Serv.	*Cost/ ADA	State GF Cost	**State Cost/ ADA	Debt Service	Est. Value of School Facilities
1949-50							
Rural	1,355	\$ 423,525	\$313	\$ 423,525	\$313	\$ ---	\$ 1,000,000
Military	718	135,309	188	---	---	---	---
District	<u>8,671</u>	<u>2,572,321</u>	<u>297</u>	<u>1,684,075</u>	<u>194</u>	<u>162,046</u>	<u>5,860,148</u>
TOTAL	10,744	\$3,131,155	\$291	\$2,107,600	\$196	\$ 162,046	\$ 6,860,148
1959-60							
Rural	4,514	\$ 2,478,474	\$549	\$1,576,224	\$349	\$ ---	\$10,200,000
Military	7,258	2,895,002	399	---	---	---	---
JOM	767	385,479	680	---	---	---	---
District	<u>25,283</u>	<u>13,983,619</u>	<u>553</u>	<u>7,393,582</u>	<u>292</u>	<u>1,384,646</u>	<u>51,619,849</u>
TOTAL	37,822	\$19,742,574	\$522	\$8,969,806	\$237	\$1,384,646	\$61,819,849

* Total Cost
ADA** State GF Cost
ADA

TABLE 4

SCHOOL CONSTRUCTION COSTS 1950-1960

Location	APW	PL 81-815	Tobacco Tax	Territorial Appropriation	Local	Total
Rural	\$ 2,313,473	\$2,227,415	\$1,239,382	\$2,371,516	\$ ---	\$ 8,151,786
District	<u>8,778,108</u>	<u>6,914,743</u>	<u>8,391,608</u>	<u>927,692</u>	<u>20,963,281</u>	<u>45,975,432</u>
TOTAL	\$11,091,581	\$9,142,158	\$9,630,990	\$3,299,208	\$20,963,281	\$54,127,218

Federal funds played a large role in the financing of public elementary and secondary education in Alaska in the decade of the 1950s. The Alaska Public Works Administration (APW) provided funds for public facilities construction, including schools. These funds were usually provided on a 50-50 match with Territorial and local municipal funds. PL 81-815 provided school construction funds for the relief of military and other federal impact on the Territory and its municipalities. PL 81-874 provided school operation funds to help offset the military and other federal impacts. PL 638 (known as the Johnson-O'Malley Act after its sponsors) and its subsequent amendments provided funds for education support among other social welfare program support for Indians. The Johnson-O'Malley Act provided funds to the Territory to operate Native schools formally operated by the Bureau of Indian Affairs for an interim period until the facilities were brought into compliance with Territorial standards, at which time the school would be turned over to the Territory.⁴³

Major Territorial school legislation during the 1950s included:⁴⁴

- a) an increase in municipal tax limitation from two percent to three percent;
- b) a change in the reimbursement rate to school districts for current operations to 85 percent for school districts under 200 average daily membership (ADM), 80 percent for school districts with ADMs between 200 and 500, and 75 percent for school districts with over 500 ADM;
- c) the establishment of teacher and administrator salary ranges for three geographical areas and empowering the Department of Education to determine the maximum number of teachers and administrators (schedule of professional workers) for the purpose of determining Territorial support to districts;
- d) an increase in the school tax to \$10; and
- e) the provision for mandatory school formation in the areas outside of organized school districts after due process before the Territorial Board of Education and upon the recommendation of the Territorial Board of Education.

⁴³Biennial Report of Commissioner of Education, 1950-1960.

⁴⁴Session Laws of Alaska, 1950-1958.

STATEHOOD

Upon achieving Statehood, the State Legislature re-enacted all Territorial laws governing education, with the exception of those which were in conflict with the Constitution. One of the few areas of conflict was in the organization and administrative structure for public elementary and secondary education in Alaska. The State Constitution made the Department of Education one of the principal departments of the executive branch. The Commissioner of Education was appointed by the Governor and approved by the Legislature as the head of the Department. The State Board of Education was established under Section 25 of the Constitution as advisory to the Commissioner. This was a complete reversal from Territorial days, when the Board headed the Department, selected the Commissioner for a term and had powers of dismissal. By virtue of this change, all other powers and duties of the Board of Education were shifted to the Commissioner, who was a political appointee. An in-depth treatment of the executive Commissioner versus an executive Board can be found in the full report of the first Alaska School Foundation Study.⁴⁵

As a new State, Alaska faced many problems that had previously been handled under federal jurisdiction. Public works, highways, health and social services, public safety and other statewide functions were issues that had to be considered by the legislative and executive branches of government. Even with the broadened powers and responsibilities of the State, education still remained the largest appropriation in the operating budget of the State of Alaska as it had been in Territorial days.

Schools operated by the Department of Education continued to receive full support through the State while local district schools received State support ranging from 50 to over 95 percent. The average percent of State support for district schools in the last Territorial and first Statehood years was in the low 60 percent range. Although an average State support of 60 percent or better was exceptionally good compared to other states' support for education (which averaged less than 50 percent in the late 1950s and early 1960s), it was still far less than the statutory amounts of reimbursement for school districts established in Territorial days. The difference was due primarily to the fact that State reimbursement was based on the State Minimum Salary Schedule Statute and an allowance for professional workers' schedule. Many districts paid more than the minimum salary and some districts exceeded the allowance for professional workers' schedule.

The First School Finance Study

All in all, there was general discontent with the State's school funding mechanism and with the inordinate power of determining reimbursable items vested in the Department of Education. These and other

⁴⁵Eric Lindman, A Foundation for Alaska's Public Schools (Juneau: Alaska Department of Education, 1961).

factors brought about Alaska's first school finance study, conducted in 1960-61 by the Department of Education, with the assistance of a Ford Foundation grant. The State Board of Education appointed an Educational Advisory Committee to oversee the study made up of educational, political, governmental and lay citizen leaders of the State. The Committee was headed by Dr. Eric Lindman of the University of California, Los Angeles, and was assisted by a group of nationally-known education finance and administration consultants. The Committee worked for about a year to complete a very comprehensive study, released by the State Board of Education in September 1961, under the title: A Foundation for Alaska's Public Schools. The study findings and recommendations addressed the following topics.

1. Population Trends: Continued upward trend with urban growth rate greater than rural. Native villages to continue with projected population increases in many of the villages.
2. Teacher Opinion: Large majority favored separate local boards of education responsible only for schools as opposed to being an arm of a local borough (boroughs had not yet come into existence but were being contemplated) or city. About one-half described their current position as very satisfactory. Sources of dissatisfaction frequently mentioned were inadequate salary, lack of recreational and cultural activities, and lack of opportunity for professional advancement.
3. Organization of Local School Systems: Locally elected boards of education created by law as agents of the State. Codify and update the education statutes, including clarification of the relationship to the local municipalities (boroughs or cities). Adoption of minimum criteria (enrollment, assessed valuation, geographical size, etc.) for the establishment of local school administration units. Development of a plan for secondary school opportunities in sparsely settled areas. Title to all school facilities and property should be vested in and accounted for by the local school unit.
4. State School Organization and Administration: Re-establish the State Board of Education as executive head of the Department of Education, with seven non-partisan members broadly representative of all areas of the State, appointed by the Governor and confirmed by the Legislature for a term of from seven to nine years. The Board of Education should have broad powers and duties for planning, implementing, leadership and coordination of the State's public elementary and secondary education program, including the power to promulgate regulations. The Commissioner and other professional staff of the Department to be appointed by the Board. Minimum professional qualifications would be required to be eligible for appointment.
5. State and Local School Finance: Areas with greatest local tax burden receive a smaller percent of the cost of education from the State than do those with the least tax burden, and property tax for schools tend to bear more heavily on those communities least able to pay. Too much discretionary power over State school funds rests with the Commissioner of Education, resulting in uncertainties of amount available at the time programs must be planned. An objective formula should be developed for the distribution of State school funds which will equalize the costs of education as they bear on local property, and equalize the educational opportunities for children without limiting additional local support of schools where the people so desire.
6. State School Building Fund: A State school building fund should be established from which school districts can draw for necessary construction after local borrowing power has been exhausted.

7. Public School Transportation: State should continue to pay the approved cost of pupil transportation and recognize the need for transportation within the one- and one-half mile limit for hazardous conditions and special student (handicapped) needs.
8. Teachers' Retirement: Teachers' retirement system should be supplemented by federal social security.
9. Public School Fund: State Board should study the investment policy of the permanent school fund.
10. Federal Participation in Public School Support: The State should plan for the eventual inclusion of the Bureau of Indian Affairs schools in the State system. The State should also recognize the high level of support under PL 81-874 and PL 81-815 and plan for the eventual assumption of these costs if federal support should diminish.⁴⁶

The First State School Foundation Program

Many of the recommendations of the study were implemented immediately and most were implemented over time. The recommendations concerning State and local school finance were addressed by the 1962 legislative session. Chapter 164 SLA 1962 established a foundation formula for State and local funding of public elementary and secondary education. The law applied to all public elementary and secondary schools except those operated directly by the Department of Education. The legislation was a significant departure from the previous State funding mechanism which simply refunded a portion of each district's expenditures. The new legislation established that the State should guarantee a portion of the funds required to meet the "basic need" of each school district. In addition, a statewide standard for required local tax effort was established.

The Act defined "basic need" for each school district as the sum of the district's teachers' salary allotment, the ADM and the attendance center allotment. This definition was generally accepted as a mathematical procedure which, when applied to a given school district, would yield the resources necessary to provide an adequate level of educational opportunities for the students.

Formulas based on the ADM in the elementary schools, each secondary school, and the entire school district were established to determine the number of teacher units to be allowed to each district for teachers, assistant principals, principals, assistant superintendent and superintendent. The teachers' salary allotment was determined by applying the State minimum salary schedule to the actual teaching and administrative staff in the district within the determined allocations. The State minimum salary schedule was determined by the Legislature and provided for training, experience and assignment as teacher, assistant principal, principal, assistant superintendent or superintendent. There were three schedules depending on geographical locations in the State to offset higher cost of living.

The ADM allotment was set at \$140 per ADM for the Southeastern Senate District, \$150 for the Southcentral Senate District lying east of 152° West Longitude, and \$160 for the rest of the State. The attendance

⁴⁶ taken from: Summary and Recommendations of the Education Advisory Council, presented to the State Board of Education on September 7, 1961.

center allotment provided \$1,000 for each elementary or secondary school that functioned as an independent administrative unit.

The amount of State support was determined by computing the "basic need" (teachers' salary allotment plus ADM allotment plus attendance centers allotment) and subtracting the required local effort. Required effort was determined by an amount equal to the revenue that would be raised by a 3.5 mill levy on the taxable real and personal property within the district and one-half of the PL 874 federal receipts from the pre-fiscal year.

The new foundation program went into effect in the 1964-65 school year and remained the basic funding program for the district schools through the 1969-70 school year. During the six years that the first Foundation Act was in effect, it was revised several times. In fact, the first revision, which added a schedule for teacher units for special education (Chapter 70 SLA 1963), was enacted before the program went into effect. In 1966, kindergarten pupils were allowed to be counted in the ADM allotment for the first time (Chapter 153 SLA 1966). Two kindergarten pupils were to be counted as one elementary pupil. In 1968, the ADM allotment was increased by \$15 in each of the three geographical areas; an additional supplemental allocation was authorized to equalize funding available to small districts and districts lacking in local tax resources; and the base or minimum State salary schedules for teachers and administrators were increased. In 1969, the Foundation Act was changed to eliminate the local effort requirement and State aid was increased to pay all the costs of "basic need".

Chapter 95 SLA 1969 provided for State aid to districts affected by State activities. The Act was patterned after the federal PL 81-874 in that State aid was provided to school districts enrolling pupils whose parents and/or guardians worked and/or lived on State property. Fifty percent of the current operating costs per ADM in the prior fiscal year was allowed for each student whose parent or guardian lived and worked on State property, and 25 percent was allowed if the parent or guardian either worked on or lived on State property. The major recipients of funds from this Act were Anchorage, Fairbanks, Juneau and Kenai.

Table 5 on page 32 shows the effect the first foundation funding program had on State and local support for current operating expenses in the district schools.

An analysis of Table 5 indicates that the foundation program resulted in a lower average State support after the initial year until the substitution of State funds for the required local effort in 1969-70. In particular, larger districts, as well as the more wealthy smaller districts, received a smaller percentage of State support than before the passage of the Foundation Act. Since the factors controlling the funding formula and level of State support were all governed by statute (i.e., minimum salary schedules, teacher unit allocations, ADM allocations, building allocations and the appropriation level), the amount of State aid was dependent largely by the availability of State revenue. It should be noted that the years between 1964-65 and 1969-70 school years were years of financial recovery from the 1964 earthquake.

TABLE 5

SOURCES OF FUNDS FOR SCHOOL OPERATING COSTS 1962-1970

Years	ADM	State \$ Per ADM	Local \$ Per ADM	Fed. \$ Per ADM	Total \$ Per ADM	High	% State Avg.	Low	% Local	% Fed.	Elem. & Sec. % of Total State GF
1962-63	34,511	\$357	\$192	\$ 40	\$ 589	NA	61	NA	33	6	23
1963-64	36,709	394	181	47	622	NA	63	NA	29	8	25
1964-65	42,904	428	183	48	659	100	65	54	28	7	30
1965-66	44,602	434	172	94	700	90	62	31	25	13	27
1966-67	46,170	480	250	100	830	91	58	41	30	12	27
1967-68	52,166	461	238	101	800	85	58	37	29	13	24
1968-69	56,773	526	284	90	900	93*	58	47	32	10	27
1969-70	58,860	713	220	91	1024	91*	70	54	21	9	29

*St. Mary's was a new school district and received 100%.

The other major legislative actions affecting education during the 1960s were:

- a) the establishment of a ten percent limit on the assessed value of real and personal property as a maximum borrowing limit for municipalities;
- b) the requirement that the Commissioner of Education hold elections for rural school advisory board members;
- c) clarification of the relationship between local school boards and local municipalities relative to school governance, operations, maintenance, construction and property ownership;
- d) codifying and updating educational statutes into Title 14 of the Alaska Statutes; and
- e) changing the status of the State Board of Education from an advisory to an executive body.

THE OIL REVENUE YEARS

The discovery of large deposits of oil on the North Slope and the nearly one billion dollars oil land lease sales in 1969 brought the State of Alaska the promise of great wealth. This wealth came on the heels of Congressional elimination of PL 81-874 payments to State-funded programs and the Alaska Legislature's decision to do away with the equalization factors in the foundation program. These actions, together with the general dissatisfaction with the lower levels of State financial participation, prompted the State Board, the Department of Education and the Governor to launch a second school finance study, under a grant from the U.S. Office of Education. This second study was designed along much the same lines as the 1962 effort, with a council composed of representatives of the same groups, assisted by school finance consultants who had served on the earlier study. The consultant team was headed by Dr. H. Thomas James, Dean of the School of Education, Stanford University. The main purposes of the study were to:

- a) provide a much higher level of equalized State support for education; and
- b) establish education as a high priority to continue to receive a large portion of the State's wealth, especially the new oil revenues.

The Second School Financing Study

The new study council and consultants began their work in June 1969. The final report was completed in January 1970. The following excerpts from the final report describe the activities and the recommendations of the consultants and advisory councils.

BACKGROUND OF STUDY

The study itself was conducted in several stages. At the first meeting of the council, background information was presented and a general discussion held relating to the various concerns of the members regarding education. Almost immediately the question of the operation of Bureau of Indian Affairs' schools was raised. It was the early sentiment of the council that the operation of present B.I.A. schools should be transferred to the State within five years, as long as there was no reduction in the level of educational services offered.

Several reasons were expressed in support of this view. On one hand, there was the State Constitution setting forth education of all Alaskan children to be the State's responsibility. On the other hand, there were problems related to a dual education system with lines of communication leading either to Juneau or to Albuquerque. Problems and concerns of pupils or their parents have not been expressed to officials because the communication structure leads to federal offices and even out of the State.

The quick agreement of the council led to its inclusion as a recommendation, and the discussion of other problems was carried out after agreement on the desirability of this structural change. The first meeting then moved on to the identification of other problem areas and the request to the council staff to gather data related to them. Those areas were:

- the extent resources of the state might be utilized to support district schools;
- the variations among the districts in ability to support education from local sources; and
- the extent to which supplemental, educational programs were available, especially vocational education and special education.

The council met again in Anchorage in mid-September to consider the data that had been gathered and to continue its discussions. From the many areas of concern that had been raised, the council decided to concentrate its formal recommendations in the area of the composition and financing of the educational programs of district schools.

A final meeting was held in January to consider the Final Report and discuss the proposed legislation relating to the recommendations. The recommendations approved for inclusion in this Final Report are in the following section.

RECOMMENDATIONS

The Advisory Council on State Financial Support to Public Education, after study and deliberation on problems related to public elementary and secondary education in Alaska, makes the following recommendations:

District School Financing

- 1) That Kindergarten, Vocational Education, and Special Education should be added to the basic educational programs of district schools;
- 2) That the state adopt an equalized percentage method for determining the state's share of operating revenue for the basic program for each district;
- 3) That the state's share of operating revenues for basic programs be set at a statewide average of 90%;
- 4) That, additionally, the state should encourage districts to develop supplemental, or submitted [sic], programs and fund them in the same proportion as the basic program;

Rural Education

- 1) That the state consider the problems of rural education to be as critical as those of district schools and be funded at not less than the same level as district schools;
- 2) That the operation of Bureau of Indian Affairs' schools be transferred to the state as soon as feasible with adequate assurance that the quality of education in any school would not be reduced by such a transfer;

Quality of Education

- 1) That the Governor create a Continuing Commission on Quality Education for Alaska composed of representatives of all groups interested in education and including legislators. The Commission should be funded at a level adequate enough to hire research personnel and agencies to gather necessary data and information relevant to the instructional needs and quality of education of the state on a continuing basis, and so advise the Governor's Office.

Additionally, the Commission would make regular reports to the Governor, the Legislature, and the Department of Education.⁴⁷

The Second School Foundation Plan

The new school funding program differed from the old program in several ways. First, the teacher and administration unit allotments, the ADM allotment and the building allotment were more or less lumped into a single theoretical concept called an "Instructional Unit" and defined as the sum total of what is needed to provide a standard level of instruction for a group of pupils. Because of the importance of this concept to the funding program, the full legal definition is provided below.

"Instructional unit" means the aggregate of all direct and indirect services necessary to provide a standard level of instruction for a group of pupils;

(A) "direct services" include, but are not limited to supplying teacher services, textbooks, reference materials, pupil and teacher supplies, as well as utilities and custodial services;

(B) "indirect services" are those auxiliary or supporting functions that complement direct services and include, but are not limited to administration, transportation, food, attendance and activities;

(C) "instructional unit" does not include items of community service, capital outlay or debt service.⁴⁸

The instructional unit concept with its definitions is flexible enough to address large groups, small groups, general education needs, special education needs, density, sparsity, etc. As long as the parameters of an educational program can be described, the program can be placed within the instructional unit structure. The unit value can also be adjusted for varying cost factors from one geographical area to another. In other words, the instructional unit concept is much more adaptable to program needs and much less constraining as to how and what resources are utilized to address program needs than the earlier system.

A second major difference is found in the way required local effort, which had been repealed by Chapter 95 SLA 1969, was treated. The old approach required a 3.5 mill rate on taxable real and personal property while the new approach was based upon an equalized percentage that took into account the variation in district wealth per pupil when compared to the average per pupil wealth of all districts.

A third difference is that the new program recognized an isolation cost factor which provided an extra five percent on the instructional unit value for any school district which did not have access to Anchorage, Ketchikan or Fairbanks by road, railroad or ferry. While the above differences are significant, perhaps the most important difference to school districts was the fact that the new program would provide much more State aid than the old program.

⁴⁷Final Report and Recommendations of the Advisory Council on State Financial Support to Public Schools (Juneau: Alaska Department of Education, January, 1970).

⁴⁸Session Laws of Alaska, 1970, Chapter 238, p. 6.

There was a striking similarity between the allowance for professional workers' schedules in the old program and the instructional unit schedule in the new program. The general meaning of "basic need" did not change, and the determination of "basic need" remained a mathematical process. Area cost differentials remained essentially the same in the new program except that Southeastern and Southcentral were lumped together as the base, and the rest of the State was divided into Central and Northwest with respective differentials of 105 and 110 percent of the base.

The recommendation of the Advisory Council, along with suggested wording for legislation, were incorporated into Senate Bill 378 and presented to the 1970 legislative session. The bill was enacted as Chapter 238 SLA 1970 after being changed in the Senate, in the House and by the Free Conference Committee composed of members of both Houses. Although several of the changes were cosmetic, the Legislature made three substantial changes in the Advisory Council's recommended wording. These changes dealt with the base value of the instructional unit, separate secondary schools computation and equalization.

The Legislature increased the base instructional unit value from \$14,500 to \$19,250. This increase of about one-third was triggered by an increase in the minimum salary schedules for teachers and administrators of about 28 percent.

The Advisory Council had recommended that all separate secondary schools with ADM of 301 or more be counted separately when applying the instructional unit formula, which would provide the benefit of the graduated scale to each qualifying separate secondary school. The Legislature removed the ADM limitation allowing each secondary school, regardless of size, to be counted separately.

The equalization factor recommended by the Council was to provide 90 percent of "basic need" as the average State support, with the result that the more wealthy school districts would receive less than the average while the poorer districts would receive more. The legislation established 90 percent as the floor, so that no district, regardless of wealth, would receive less than that percentage of "basic need" from the State.

As the study council had intended, the enactment of the new foundation program resulted in a significant increase in State aid. The average State foundation support per pupil in ADM increased by \$425, or about 71 percent, from \$602 to \$1,027.⁴⁹ The increase in State aid per pupil under the new program ranged from \$336 in Anchorage to \$1,116 in Hyaburg.⁵⁰ For the 1970-71 school year, the average total expenditure per pupil in ADM increased \$283, from \$1,024 to \$1,137, or about 29 percent.

⁴⁹ Annual Report (Juneau: Alaska Department of Education, 1969-70 and 1970-71).

⁵⁰ GRAPH-FACTS (Juneau: Alaska Department of Education, 1971).

Because the increase in average State per pupil support exceeded the increase in average per pupil expenditure, the balance provided tax relief at the local level. In fact, with increases in State aid, local support dropped \$144 per pupil on a statewide average. The minimal drop in federal support of \$3 per pupil in ADM was due to federal funding changes rather than the new State funding system.

The percentage of increase in per pupil expenditures about equaled the percentage increase in the minimum salary schedule for teachers and administrators, and was only two percent more than the 27 percent actual increase in the average salaries for all professional workers. The writer is reminded of the gambler who was asked how the game went at the end of a poker session. He replied, "Everyone in the game won some, and I broke even." In the case of the new foundation program, it appears that taxpayers, teachers and administrators won some while, at best, the students "broke even".

Subsequent Changes in the Foundation Program

During the 1970s, many changes were made in various components of the funding system, but the basic instructional unit structure was not changed. The major changes are listed by component below in general chronological order of occurrence between 1970 and 1980.

1. Equalization: The "floor" level of State support was gradually increased from 90 percent to 100 percent of "basic need" with the concurrent reduction of required local effort from a maximum 10 percent to elimination of required local effort.
2. Instructional Unit Schedules:
 - a) liberalized vocational education schedule;
 - b) made special education schedule supplementary to the basic schedules for elementary and secondary schools;
 - c) set first quarter entitlement number of instructional units as floor for the district for the year;
 - d) established minimum number of instructional units for elementary and secondary schools (presently 3 for up to 32 elementary ADM and 4 for up to 30 secondary ADM);
 - e) added a schedule for bilingual weighted ADM; and
 - f) reduced the number of additional ADMs required for each additional instructional unit to 1 unit for each 18 ADM over 80 in elementary schools and over 91 in secondary schools.
3. Base Instructional Unit Value gradually increased from \$19,250 in 1970-71 to \$42,450 in 1982-83.

4. Area Differentials: These changed from 5 percent and 10 percent with 5 percent isolation to a range of 100-132 percent of the base unit value by house election district to 100-155 percent of the base unit value by school district.⁵¹

Other legislative action having implications for and direct effect upon school finance and organization in Alaska includes the establishment in 1972 of an Alaska State operated school system with its own Board of Directors to administer rural and military schools. Subsequent legislation was enacted to provide for contracting base schools in Anchorage, Fairbanks and Kodiak to adjacent school districts and to create 21 Regional Educational Attendance Areas (REAA) school districts with locally elected school boards out of the rural schools and the military schools at Adak and Ft. Greeley. Starting with the 1976-77 school year, the REAAs were included in the State foundation funding program.

School finance reviews were conducted in 1976-77, 1979-80 and in 1981-82, dealing primarily with area differentials and equalization. The 1976-77 study resulted in area differential and some instructional unit schedule changes. The 1979-80 study added an equalization factor guaranteeing that no school district would receive less than the average per pupil local support of all school districts in the prior fiscal year, with 1979 designated as the base year. The instructional unit schedules were changed to count each elementary school separately when determining the number of units.

Table 6 on page 40 summarizes foundation funding support to the city and borough school districts from 1970-71 through 1982-83 and the REAAs from their formation in 1976-77 through 1982-83.

School Construction

Several factors contributed to the increased activity in school construction after Statehood. School enrollments doubled in the first ten years after Statehood. The State Constitution allowed both the State and its political subdivisions to enter into long-term debt for capital construction. The 1964 earthquake destroyed many school facilities. Almost \$96 million in school construction and rehabilitation was completed between 1959-1969. Of that amount about 28 percent was State sources, 12 percent federal sources and 60 percent local funds. Debt service for school construction in the cities and boroughs increased from about \$1.5 million to about \$5.5 million annually.

The 1970s brought Alaska into an era of unprecedented wealth, starting with the nearly one billion dollar North Slope oil lease sale and continuing into multi-billion dollar annual revenues from petroleum-related products. State support for school construction in local school districts was increased significantly with the passage of legislation to reimburse municipalities that were school districts 50 percent of school debt retirement and cash payments for school construction and

⁵¹Session Laws of Alaska, 1969-1979.

TABLE 6

STATE FOUNDATION SUPPORT 1970-71 THROUGH 1982-83

Years	C & B ADM	*\$ C & B Foundation	**Foundation \$/ADM	REAA ADM	*\$ REAA Foundation	***Foundation \$/ADM
1970-71	62,407	\$ 64,062.9	\$1,027	---	\$ ---	\$ ---
1971-72	63,793	66,721.0	1,046	---	---	---
1972-73	64,287	69,603.1	1,083	---	---	---
1973-74	66,967	78,124.7	1,167	---	---	---
1974-75	69,398	88,765.8	1,279	---	---	---
1975-76	71,268	111,454.7	1,564	---	---	---
1976-77	71,386	123,798.7	1,734	10,519	\$ 42,335.7	\$ 4,025
1977-78	70,799	135,156.7	1,909	11,062	54,757.6	4,950
1978-79	70,169	149,420.9	2,129	11,042	67,200.8	6,086
1979-80	68,069	161,466.4	2,372	11,035	75,629.5	6,854
1980-81	67,998	193,804.0	2,850	11,181	97,978.4	8,763
1981-82	70,222	239,906.1	3,416	11,628	115,349.1	9,920
1982-83	73,897	288,507.7	3,904	12,897	137,366.3	10,651

*In thousands

**\$ C & B
ADM***\$ REAA
ADM

rehabilitation two years after payments were made. The legislation became effective in 1974 and reimbursed on 1972 expenditures. Through the years, the legislation has been amended to pay up to 100 percent of some remaining debt service costs and up to 90 percent of debt service costs for the same year that the debt was incurred. Direct State appropriations and State bonds were also used to support a significant portion of city and borough school district construction costs. From 1970 through 1983, a total of about \$622 million was spent for school construction, including debt retirement in city and borough school districts. Of that amount, about \$495 million (or about 80 percent) was provided from State sources. All costs for school construction outside of city and borough school districts and military reservations were provided by the State. An additional \$381 million was spent on such facilities, bringing the total for new school construction to about \$1 billion during the 13-year period. The total State effort toward school construction costs during that time amounted to \$876 million or about 88 percent of the total expended.

Presently, Alaska Statutes provide for State payment of city and borough debt retirement according to the following schedule:

- a) 100 percent of payments made before 1977;
- b) 80 percent of payments made between 1978-1981;
- c) 90 percent of payments made between 1981-1983; and
- d) 50 percent of payments made after 1983.

As these payments continue through 1985-86, the State support for school construction in the cities and boroughs, coupled with direct appropriations to the school districts and the municipalities for schools, will amount to over 80 percent State support for school construction since Statehood. Table 7 on page 42 shows the costs and sources of funds for school construction from Statehood through 1983.

TABLE 7

SCHOOL CONSTRUCTION SINCE STATEHOOD: COSTS AND SOURCES

Years	ADM	Rounded To Nearest \$1,000		% State	*Total \$/ADM	**State \$/ADM
		\$ Total	\$ State			
1959-60	32,258	\$ 4,797	\$ 1,692	35.27	\$ 149	\$ 52
1960-61	35,645	5,672	1,614	28.46	159	45
1961-62	38,880	5,192	1,594	30.70	134	41
1962-63	42,050	9,909	2,437	24.59	236	58
1963-64	44,253	4,572	1,346	29.44	103	30
1964-65	42,184	5,515	1,218	22.09	131	29
1965-66	47,870	15,106	1,271	8.41	316	27
1966-67	50,692	12,245	8,815	71.99	242	174
1967-68	55,359	18,138	1,829	10.08	328	33
1968-69	60,368	29,851	7,115	23.84	494	118
1969-70	64,970	16,785	2,768	16.49	258	43
1970-71	69,720	41,178	33,573	81.53	591	482
1971-72	71,295	20,711	10,648	51.41	290	149
1972-73	71,781	35,105	25,458	72.52	489	355
1973-74	74,274	21,349	9,693	45.40	287	131
1974-75	76,992	64,782	51,304	79.19	841	666
1975-76	80,253	26,931	13,548	50.31	336	169
1976-77	81,712	90,066	84,048	93.32	1,102	1,029
1977-78	81,861	35,123	25,932	73.83	429	317
1978-79	81,211	153,101	150,426	98.25	1,885	1,852
1979-80	79,104	58,148	54,146	93.12	735	684
1980-81	79,179	143,356	135,460	94.49	1,811	1,711
1981-82	81,850	188,046	183,319	97.49	2,297	2,240
1982-83	86,794	108,690	96,066	88.39	1,252	1,107
TOTAL		\$1,110,000	\$905,320	***81.24		

*Total Cost
ADM**State Cost
ADM***Percent of State share of total cost,
1959-1983



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Bill Sheffield, Governor